

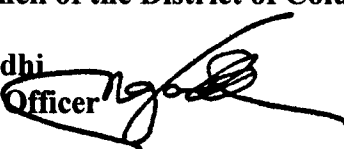
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** July 15, 2008

**SUBJECT:** Fiscal Impact Statement: "Washington Parks & People Equitable Real Property Tax Relief Temporary Act of 2008"

**REFERENCE:** Draft – Bill Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2008 budget, and the annual effect in the proposed FY 2009 through FY 2012 budget and financial plan is \$5,700 - \$6,900 to implement the provisions of the proposed legislation. The proposed tax forgiveness would result in uncollected real property taxes of \$83,437 in FY 2008. This reduction in revenue will be offset by a corresponding reduction in the FY 2008 budget authority for debt service on general obligation bonds. The permanent tax exemption would result in reduced revenue of \$25,097 in the FY 2009 through FY 2012 budget and financial plan period.

**Background**

The proposed legislation would amend Chapter 10 of the D.C. Official Code § 47 to:

- Provide property tax forgiveness for real property located at Square 2841, Lots 841, 847, 848, and 851 ("Property") for tax years 1998 through 2008, provided that the Property is owned and used by Washington Parks & People as a public park and not for commercial purposes;
- Grant a one-time exemption for the property from recordation and transfer taxes and fees resulting from transfer to Washington Parks & People; and
- Provide a permanent tax exemption to the Property provided that the Property is owned and used by Washington Parks & People as a public park and not for commercial purposes.

## Financial Plan Impact

Funds are sufficient in the FY 2008 budget, and the annual effect in the proposed FY 2009 through FY 2012 budget and financial plan is \$5,700 - \$6,900 to implement the provisions of the proposed legislation. The proposed tax forgiveness would result in uncollected real property taxes of \$83,437 in FY 2008. This reduction in revenue will be offset by a corresponding reduction in the FY 2008 budget authority for debt service on general obligation bonds. The permanent tax exemption would result in reduced revenue of \$25,097 in the FY 2009 through FY 2012 budget and financial plan period.

Table 1. Estimated Impact to the Financial Plan of Washington Parks & People Equitable Real Property Tax Relief Temporary Act of 2008						
Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	5 – Year
Tax Forgiveness 1998-08	-\$83,437	\$0	\$0	\$0	\$0	-\$83,437
Foregone Tax Revenue	\$0	-\$5,660	-\$6,074	-\$6,474	-\$6,889	-\$25,097
<b>Total Reduced Revenue</b>	<b>-\$83,437</b>	<b>-\$5,660</b>	<b>-\$6,074</b>	<b>-\$6,474</b>	<b>-\$6,889</b>	<b>-\$108,534</b>

Note: Taxes forgiven from 1998-2008 include real property taxes, special assessments, clean city levies, deed transfer and recordation taxes, and any related penalties and interests. The forgiveness would occur as of the effective date of the proposed legislation, which is assumed to be in FY 2008. For FY 2009 – FY 2012 foregone taxes, the estimated District-wide growth rate for all property tax collections was used as the growth factor.